Supreme Court, U.S.
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No. 00-39

In The

Supreme Court of the United States

MAJOR LEAGUE BASEBALL PLAYERS ASSOCIATION,

Petitioner,

v.

CARDTOONS, L.C.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Tenth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether one who threatens litigation against a third party in bad faith is immunized from liability for tortious interference with contract, libel, and other state law torts under the Petition Clause of the First Amendment.

RULE 29.6 STATEMENT

Cardtoons, L.C. is an Oklahoma Limited Liability Company which has no parent or publicly held company owning 10% or more of the company. SUP. CT. R. 29.6.

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INTRODUCTION

In this case, the *en banc* panel of the court of appeals held that threats of litigation between purely private parties in a non-antitrust setting are not immunized from liability under the *Noerr-Pennington* doctrine or under the Petition Clause of the First Amendment. In reaching this conclusion, the court of appeals held that: (1) the application of *Noerr-Pennington* outside the antitrust context is based solely on the right to petition, Pet. App. at 7a, and (2) because purely private threats do not constitute a petition to the government, they are not constitutionally protected. Pet. App. at 13a. Neither holding merits review by this Court.

While Petitioner suggests that this case merits review to resolve a conflict between the Tenth Circuit and the other courts of appeal, the circuit split identified by Petitioner is illusory. The court of appeals observed that while this Court and other courts of appeal have cited *Noerr-Pennington* in non-antitrust cases involving the First Amendment right to petition, any such reference to *Noerr-Pennington* in these cases is "by analogy" only. Pet. App. at 7a. Thus, while confirming the application of the right to petition outside the antitrust context, the court of appeals found it "a bit of a misnomer" to refer to the right to petition as *"Noerr-Pennington"* when applied outside of antitrust as other circuit and district courts have done. Pet. App. at 8a.

The decision of the Tenth Circuit, far from creating a circuit split, was simply analytically precise about the differences between the *Noerr-Pennington* doctrine, which is properly limited to antitrust claims, and the scope of

any immunity that flows directly from the Petition Clause of the First Amendment. The Tenth Circuit has not created a circuit split for being precise where other courts have been less analytically rigorous. The only difference between the Tenth Circuit and other courts is that the Tenth Circuit properly analyzes the immunity under the Petition Clause. Other courts speak loosely of *Noerr-Pennington* immunity when in fact any immunity against common law tort claims must flow directly from the First Amendment.

The Tenth Circuit did not hold that a cease-and-desist letter falls outside the scope of the *Noerr-Pennington* immunity doctrine. Rather, the Tenth Circuit correctly concluded that Cardtoons' common law claims do not implicate *Noerr-Pennington* at all, but only Petition Clause immunity. As a result, the decision below does not conflict with the Fifth Circuit's decision in *Coastal States Marketing, Inc. v. Hunt*, 694 F.2d 1358 (5th Cir. 1983). The decision below can hardly create a conflict on an issue the court did not reach.

The only issue left on which a potential conflict could arise is the question of whether the First Amendment Petition Clause covers pre-petition activity directed at a third party. The court of appeals concluded that the threats of litigation under consideration in this case did not constitute "petitioning activity" because the threats did not constitute a petition addressed to the government. Pet. App. at 16a. The court of appeals recognized that while there were "many persuasive policy arguments in favor of granting immunity to private threats of litigation, these do not override the clear language of the First Amendment," and that "such arguments are best

addressed to the state legislative bodies which can craft state law accordingly." Pet. App. at 16a.

Petitioner does not point to any split on this issue. The absence of a split no doubt reflects the fact that before the Tenth Circuit's decision below, courts had not carefully distinguished between *Noerr-Pennington* and Petition Clause immunity. It certainly does not follow that a court that found pre-petition activity immune under *Noerr-Pennington* would necessarily find pre-petition activity immune under the Petition Clause. The federal courts obviously have great latitude to interpret the federal antitrust laws to avoid even potential constitutional questions, while a Petition Clause ruling requires the Court to face the constitutional issue squarely. This difference not only indicates the absence of a circuit split, but points out the need for further development of this issue in the lower courts in light of the Tenth Circuit's careful analysis.

STATEMENT

Cardtoons formed in late 1992 to produce parody trading cards featuring caricatures of major league baseball players. Pet. App. at 60a. Cardtoons contracted with a political cartoonist, a sports artist, and a sports author and journalist, who designed a set of 130 cards. *Id.* The trading cards ridicule the players using a variety of themes. Pet. App. at 62a. A number of the cards humorously criticize the players for their substantial salaries, and others mock the players' narcissism. *Id.*

After designing its parody trading cards, Cardtoons contracted with a printer (Champs Marketing, Inc. "Champs") to manufacture the cards. Pet. App. at 63a. MLBPA learned of the Cardtoons Baseball Parody Cards after seeing an advertisement for the cards which appeared in the May 14, 1993 issue of Sports Collectors Digest. *Id.* On Friday, June 18, 1993, an MLBPA attorney simultaneously sent letters by facsimile to Cardtoons and Champs. *Id.* The letters threatened legal action against Cardtoons if it manufactured and sold the parody cards, and threatened litigation against Champs if it printed the cards. Pet. App. at 2a. As a result of the letter which Champs received from MLBPA's lawyers, Champs notified Cardtoons that it would not print the cards until a court of competent jurisdiction had determined that the cards did not violate the MLBPA players' right of publicity. Pet. App. at 63a.

After Champs refused to print the parody cards, Cardtoons filed suit seeking a declaratory judgment that its cards did not violate the MLBPA players' right of publicity. Pet. App. at 63a. Cardtoons also sought damages for tortious interference with its contractual relationship with Champs and injunctive relief. Pet. App. at 63a-64a. MLBPA counterclaimed for injunctive and declaratory relief, as well as damages for infringement of its players' publicity rights. Pet. App. at 64a.

A U.S. Magistrate Judge recommended that declaratory judgment be entered for MLBPA and against Cardtoons, and that MLBPA be denied injunctive relief. Pet. App. at 64a. The district court initially adopted the Magistrate Judge's Report and Recommendation, but later vacated its judgment, and upon reconsideration, held in

favor of Cardtoons. Pet. App. at 64a. On interlocutory appeal, the Tenth Circuit affirmed, finding that the cards "are an important form of entertainment and social commentary that deserve First Amendment protection." Pet. App. at 92a.

Following remand, Cardtoons amended its Complaint to add claims for defamation, prima facie tort, and negligence. Pet. App. at 4a. All of Cardtoons' claims for relief arose from statements contained in the letter from MLBPA to Champs: (a) Two of Cardtoons' claims (Tortious Interference With Contract and Prima Facie Tort) were premised on MLBPA's threat to sue Champs unless Champs agreed to immediately suspend its efforts to complete the manufacturing of the Cardtoons Baseball Parody Cards; (b) Two of Cardtoons' claims (Libel and Negligence) were premised on MLBPA's false and defamatory statement to Champs that Cardtoons was engaged in illegal conduct.

MLBPA moved for summary judgment on each of these claims, contending that its threatening letter to Champs was not "objectively baseless," and was protected under *Noerr-Pennington* and this Court's opinion in *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49 (1993) ("PREI"). In response, Cardtoons contended that:

> (1) The letters which MLBPA sent to Champs contained both threats of litigation and defamatory statements, and MLBPA's liability for the threats of litigation must be considered separately from MLBPA's liability for the defamatory statements;

(2) While a party's civil liability under state law for its threats of litigation and defamatory statements was limited by the First Amendment right to petition, *Noerr-Pennington* is a doctrine of statutory construction which governs claims for treble damages under the Sherman Act and does not apply to state law tort claims;

(3) The First Amendment right to petition the government for redress of grievances does not protect private communications, even if those communications reference the speaker's intention to seek access to the courts at some indeterminate future date;

(4) MLBPA did not act in good faith when it threatened Champs with litigation and falsely accused Cardtoons of engaging in illegal activity.

The district court granted summary judgment to MLBPA, citing *Noerr-Pennington* and PREI. Pet. App. at 56a.

On appeal, the district court's judgment was affirmed by a vote of 2-1. The majority found that:

(1) *Noerr-Pennington* immunity "emanates from the First Amendment right of petition" and thus, "stands independent from its aborigine roots in antitrust." Pet. App. at 37a;

(2) Threats of litigation were entitled to the same level of *Noerr-Pennington* immunity as litigation itself, regardless of whether the threats were ultimately consummated. Pet. App. at 39a;

(3) Under PREI, threats of litigation enjoyed *Noerr-Pennington* immunity unless the

threats are made without probable cause. Pet. App. at 41a;

(4) MLBPA had colorable claims against Champs, and thus, MLBPA is immune from any claims which were premised on the letter to Champs. Pet. App. at 44a.

The dissenting panel member agreed that *Noerr-Pennington* applied to state law claims as well as federal antitrust claims, but disagreed with the panel's conclusion that the "objectively baseless" inquiry of PREI could be applied to threats of litigation, as opposed to actual litigation. The dissent proposed a three-part test which would require the party invoking *Noerr-Pennington* to show that the threat of litigation was a (1) good faith, (2) objectively reasonable, and (3) proximate prologue to actual or imminent litigation. Pet. App. at 50a. "This test differs from the majority's test because the majority would grant *Noerr-Pennington* immunity solely on the ground of an objectively reasonable basis for the threat without also requiring that the threat be in good faith and proximate to actual or imminent litigation." Pet. App. at 50a, n. 2. The dissent found that the three-part test could not be satisfied in this case because the record did not demonstrate that MLBPA's correspondence with Champs was in good faith or proximate to actual litigation, and advocated reversal of summary judgment and remand so that these remaining issues could be resolved.

Cardtoons filed a petition for rehearing and suggestion for rehearing *en banc*, which was granted. The *en banc* panel found that the First Amendment right to petition, rather than *Noerr-Pennington*, was applicable to claims arising under state law, and that purely private threats do

not constitute petitions to the government which are constitutionally protected. Pet. App. at 16a.

REASONS FOR DENYING THE PETITION

I. The facts of this case are unique, and thus, the issues addressed by the Tenth Circuit are unlikely to be recurring.

While the decision in this case may discourage attempts to harm potential adversaries by threatening litigation against third parties with whom the potential adversary conducts business, it should have no impact whatsoever on the practice of sending cease-and-desist letters to potential adversaries. MLBPA's cease-and-desist letter to Champs was contemporaneous with MLBPA's first cease-and-desist letter to Cardtoons, and was calculated to achieve the functional equivalent of an injunction against Cardtoons. The predatory aspects of MLBPA's conduct in this matter can be distinguished from the salutary use of cease-and-desist letters to communicate with potential adversaries in order to avoid litigation.

The history of this litigation suggests little possibility that Cardtoons and MLBPA might have resolved their differences without the necessity of litigation if MLBPA had sent a cease-and-desist letter to Cardtoons only. However, in most cases where a claimant has a good faith basis for sending a cease-and-desist letter, the purpose to be served by such a letter can be achieved by sending the letter to the potential adversary alone. Moreover, when the cease-and-desist letter is sent to the adversary alone,

the torts of tortious interference with contract and libel are not implicated.

To the contrary, the use of threats against remote third parties is not calculated to achieve voluntary compliance with a demand, but to harm the potential adversary's relationships with others upon whose goods and services the potential adversary relies, such as vendors, distributors, customers, and manufacturers. In the present case, MLBPA sent the cease-and-desist letter to a party who had little interest in whether MLBPA's claims were valid. Champs was merely a contractor with no incentive to take a stand against MLBPA and risk the possibility of expensive litigation. As illustrated in the present case, the use of litigation threats to achieve indirectly through coercion what cannot be accomplished directly through voluntary compliance is not a practice which serves the public interest.[1]

II. There is no split among the circuits.

Petitioner has cited numerous cases in which courts have applied *Noerr-Pennington* immunity to state law claims, Pet. at 11, and has cited a handful of cases in which *Noerr-Pennington* immunity was extended to threats of litigation in the antitrust context.[2] Pet. at 13-16.

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[1] It is no answer for Petitioner to claim that Champs could have been liable under a contributory infringement claim. This fact only highlights the uniqueness of this case. Pre-petition threats to third parties rarely serve any legitimate purpose.

[2] Several courts have taken the view that threats to litigate are not protected by *Noerr*. *See, e.g., CVD, Inc. v. Raytheon Co.,*

However, Petitioner has cited only two decisions in which courts relied on *Noerr-Pennington* to dismiss state law tort claims arising from threats of litigation.

There is clearly no conflict among the circuits regarding the issue of whether private threats of litigation constitute a petition to the government. No other circuit courts have addressed this question. With two exceptions, each of the cases cited by MLBPA merely protect threats of litigation from liability under the Sherman Act, and thus, are not in conflict with the Tenth Circuit. The two exceptions should be disregarded by the Court. The first exception is *Matsushita Electronics Corp. v. Loral Corp.*, 974 F. Supp. 345 (S.D.N.Y. 1997), where the parties did not dispute that the *Noerr-Pennington* doctrine was applicable to state law tort claims. The second is *Pennwalt Corp. v. Zenith Labs., Inc.*, 472 F. Supp. 413 (E.D. Mich. 1979), where the court did find threatened litigation immune from state law tort claims. However, *Pennwalt* is the only case which is in direct conflict with the Tenth Circuit's

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769 F.2d 842, 851 (1st Cir. 1985) (threats to litigate made in bad faith are unprotected and may violate the antitrust laws), *cert. denied*, 475 U.S. 1016 (1986); *Alexander v. National Farmers Org.*, 687 F.2d 1173, 1200 (8th Cir. 1982) (threatening litigation against customers of competitor was in bad faith and unprotected), *cert. denied, sub nom. National Farmers' Org., Inc. v. Associated Milk Producers Inc.*, 461 U.S. 937 (1983); *Brownlee v. Applied Biosystems, Inc.*, 1989-1 Trade Cas. (CCH) P 68,425, at 60,338 (N.D. Cal. 1989) (threats to institute sham litigation may constitute anticompetitive conduct sufficient to support antitrust claim); *Oahu Gas Serv., Inc. v. Pacific Resources, Inc.*, 460 F. Supp. 1359, 1386 (D. Haw. 1978) (threats of lawsuit against potential customers of competitors were not protected, although threats to the competitors themselves would be protected).

decision. One lone decision by a district court is not a sufficiently developed conflict worthy of review by this Court.

However, the premise of Petitioner's argument – that the First Amendment/*Noerr-Pennington* prohibits the imposition of penalties for the exercise of the right to institute (or threaten) litigation which is not objectively baseless – creates its own potential conflicts with theories of liability, federal and state statutes, and court rules which penalize losing litigants without regard to the merits of the claims asserted (or under a lower standard than "objectively baseless").

For example, in the area of libel, Oklahoma law provides that statements made in connection with proposed litigation are privileged, provided that the statements relate to litigation which is seriously contemplated in good faith. OKLA. STAT. tit. 12, § 1443.1. *Kirschstein v. Haynes*, 788 P.2d 941, 953 n. 30 (Okla. 1990). Under Oklahoma law, the plaintiff in an abuse of process action is not required to prove that the underlying action was brought without probable cause. *Greenberg v. Wolfberg*, 890 P.2d 895, 905 (Okla. 1994).[3]

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[3] *See, e.g., Grip-Pak, Inc. v. Illinois Tool Works, Inc.*, 694 F.2d 466 (7th Cir. 1982):

> If all nonmalicious litigation were immunized from government regulation by the First Amendment, the tort of abuse of process would be unconstitutional – something that, so far as we know, no one believes.
>
> * * *
>
> It takes a rather free-wheeling imagination to extrapolate from the *California Motor Transport*

The Fair Debt Collection Practices Act prohibits a party from threatening to take any action which it does not intend to take. 15 U.S.C. § 1692e(5). This provision has routinely been applied to threats to institute litigation. *See United States v. National Financial Services, Inc.*, 98 F.3d 131 (4th Cir. 1996) (notices threatening legal action when debt collectors did not intend to file suit violated § 1692e(5)). *See also, Bentley v. Great Lakes Collection Bureau*, 6 F.3d 60 (2d Cir. 1993); *Whayne v. United States Dept. of Education*, 915 F. Supp. 1143 (D. Kan. 1996). The RESTATEMENT (SECOND) OF TORTS § 767, provides that threats of litigation can be wrongful "if the actor has no belief in the merit of the litigation or *if, though having some belief in its merit, he nevertheless institutes or threatens to institute the litigation in bad faith, intending only to harass the third parties and not to bring his claim to definitive adjudication.*" *Id.*, Comment c (emphasis added). Any fee-shifting statute which imposes liability for attorney's fees on the losing litigant, 28 U.S.C. § 1927 (Counsel's liability for excessive costs), FED.R.CIV.P. 11 (Permitting the imposition of sanctions if pleading filed "for any improper purpose, such as to harass or to cause unnecessary delay, or needless increase in the cost of litigation"), and FED.R.CIV.P. 54 (Award of costs to prevailing party) may be subject to constitutional challenge if the "sham litigation" test is applicable as a principle of constitutional law outside the antitrust context.

> opinion a principle that if applied across the board would, as we have suggested, make the tort of abuse of process invalid under the First Amendment; and we decline to do so.

Id., at 471.

In comparing the decision of the Tenth Circuit to decisions of other circuits, this Court should take significant note of the manner in which the Tenth Circuit views its decision. On June 6, 2000, the Tenth Circuit had the opportunity to revisit its *en banc* decision in this case. *Scott v. Hern*, ___ F.3d ___, 2000 WL 726442 (10th Cir. 2000). In *Scott*, an antiabortion protester who had been involuntarily committed brought suit asserting claims under 42 U.S.C. § 1983 and state law against persons who participated in the commitment proceedings. The district court, citing *Noerr-Pennington* and the First Amendment right to petition, held that the defendants were immune from liability for claims of abuse of process and false imprisonment based on the submission of a petition for involuntary commitment. Affirming the district court's dismissal of the plaintiff's state law tort claims, the Tenth Circuit had occasion to discuss the significance of its prior holding in this case:

> The question before the en banc court [in *Cardtoons*] was whether the Petition Clause immunized the defendant from state tort liability based on statements made in a cease-and-desist letter sent to a private party. The en banc court ultimately concluded such letters are not shielded by the First Amendment because they are not petitions to the government. In reaching that conclusion, we cautioned that, because the *Noerr-Pennington* doctrine was based on both statutory interpretation and constitutional principles, care must be taken when drawing right to petition principles from *Noerr-Pennington* antitrust cases. " '[T]he purpose of *Noerr-Pennington* as applied in areas outside the antitrust field is the protection of the right to petition.' "

Id., ___ F.3d, at ___, 2000 WL 726422 at *11 (citations omitted). In a footnote, the *Scott* panel succinctly reiterated its view of the *en banc* court's holding in this case:

> [T]he en banc court expressly states "we do not question the application of the right to petition outside of antitrust," rather, the court merely stresses "it is a bit of a misnomer to refer to [such an application] as the *Noerr-Pennington* doctrine." Moreover, to the extent this statement can be read to hold that the Petition Clause cannot limit tort liability, it is dicta. The holding in *Cardtoons* rested exclusively on the conclusion that a cease-and-desist letter to a private party does not constitute petitioning activity.

Id., ___ F.3d, at ___, n. 9, 2000 WL 726422 at *11, n. 9 (citations omitted).

Petitioner contends that the *en banc* decision in this case conflicts with decisions of other courts which have protected petitioning activity under *Noerr-Pennington*. Pet. at 11. However, in *Scott v. Hern*, the Tenth Circuit cited many of those same decisions with approval as authority for the proposition "that the Petition Clause places limits on liability for the commission of a range of common law torts." ___ F.3d, at ___, 2000 WL 726422 at *11. *Scott v. Hern* illustrates that the "conflict" among the circuits which Petitioner fears is more imagined than real. The only "conflict" between the Tenth Circuit's decision in this case and the decisions cited by Petitioner which rely on *Noerr-Pennington* is one of semantics. While other courts have used the term "*Noerr-Pennington*" immunity, the Tenth Circuit has rejected that term as a "misnomer" when applied outside the antitrust context, and has

instead found it more precise to refer to "First Amendment petitioning immunity."

"The holding in *Cardtoons* rested exclusively on the conclusion that a cease-and-desist letter to a private party does not constitute petitioning activity." *Id.*, ___ F.3d, at ___, n. 9, 2000 WL 726422 at *11, n. 9. It is that holding, rather than the precise nomenclature to be applied, which is of significance in this case.

III. Purely private threats do not constitute a petition to the government.

Relatively few reported cases have addressed the type of activity which constitutes "petitioning activity" which is protected by the First Amendment. Perhaps because of the relatively clear language of the First Amendment ("Congress shall make no law . . . abridging . . . the right of the people . . . to petition the Government for a redress of grievances."), the question of whether "pre-petitioning" activity is entitled to protection under the First Amendment has not been squarely addressed by any court prior to the *en banc* decision in this case.

The three circuit cases cited by MLBPA are not in conflict with the Tenth Circuit *en banc* decision. Far from recognizing a conflict, as MLBPA suggests, the Tenth Circuit correctly noted that its decision did not conflict with these cases. The Tenth Circuit went to great lengths to demonstrate that the grant of immunity to pre-litigation threats in *Coastal States Marketing, Inc. v. Hunt*, 694 F.2d 1359 (5th Cir. 1983), and other circuit court cases, was not based on the right to petition, but was based

upon a construction of the Sherman Act. Pet. App. at 10a.[4]

The immunity granted by *Coastal States* is not synonymous with the protections required by the First Amendment. MLBPA's criticism of the Tenth Circuit's quotation from *Coastal States* illustrates this point. Pet. App. at 14, n. 7. MLBPA acknowledges that the Fifth Circuit recognized that its extension of *Noerr-Pennington* "petitioning immunity" to efforts to influence foreign governments went beyond the protections afforded by the First Amendment right to petition.

It is especially noteworthy that the Fifth Circuit never addressed the question whether a cease-and-desist letter is petitioning activity for purposes of the First Amendment. Rather, the court simply found that the "petitioning immunity" of *Noerr-Pennington* should be extended to such threats. *Id.*, at 1367-68. In discussing "petitioning immunity" the court made it clear that it was discussing the ***antitrust*** immunity developed through *Noerr-Pennington*. *See e.g., id.*, at 1359 (issue is whether petitioning immunity, "based on the Supreme Court's decisions in" *Noerr* and *Pennington* shields activities from antitrust

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[4] The Tenth Circuit did state that it rejected these cases "***to the extent they imply*** that the mere threat of suit between private parties constitutes a petition to government." Pet. App. at 14a (emphasis added). However, this statement must be taken in context. The court had just demonstrated at length why these cases were distinguishable from the present case, and were not contrary to the Tenth Circuit's decision. The statement was clearly intended to apply only if the distinctions drawn by the Tenth Circuit were incorrect.

scrutiny); *Id.*, at 1364-65 ("*Noerr* was based on a construction of the Sherman Act. It was not a first amendment decision").

Likewise, *Glass Equipment Development, Inc. v. Besten, Inc.*, 174 F.3d 1337 (Fed. Cir. 1999) and *McGuire Oil Co. v. Mapco, Inc.*, 958 F.2d 1552 (11th Cir. 1992) were also applications of the Sherman Act, not the First Amendment right to petition. As with *Coastal States*, neither case discusses whether threats of litigation constitute a petition to the government. They merely hold that the conduct is not actionable under the Sherman Act.[5] *Glass*, 174 F.3d, at 1343-44; *McGuire*, 958 F.2d, at 1560 (relying on *Coastal States*). Consequently, at this point it is far from clear what these circuits would hold if faced with the same question as in the present case, *i.e.*, whether a threat of litigation is protected from state tort law liability under the Petition Clause of the First Amendment.[6]

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[5] MLBPA's footnoted discussion of *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860 (Fed. Cir. 1997) does not reveal any circuit split. Pet. at 15, n. 8. The Federal Circuit based its decision in that case on an analysis and application of principles governing patent misuse; the court's opinion does not discuss either *Noerr-Pennington* or the First Amendment right to petition.

[6] MLBPA also asserts that indirect petitioning has been protected "in other contexts." Pet. at 17, n. 9. However, each of the cited cases was an antitrust case applying the *Noerr-Pennington* doctrine, not a direct application of the First Amendment right to petition. *See, e.g. International Bhd. Of Teamsters v. Phillip Morris, Inc.*, 196 F.3d 818, 826 (7th Cir. 1999) ("To the extent the manufacturers' statements were designed to influence Congress – to get favorable laws and ward off unfavorable ones – they cannot be a source of liability directly under the Noerr-Pennington doctrine.")

One of the cases MLBPA cites, *Alexander v. National Farmers Organization*, 687 F.2d 1173 (8th Cir. 1982), *cert. denied, sub nom. National Farmers' Org., Inc. v. Associated Milk Producers Inc.*, 461 U.S. 937 (1983), actually supports the notion that threats of litigation are not protected by the First Amendment right to petition. In *Alexander*, a party threatened litigation with customers who purchased milk from the National Farmers Organization ("NFO"). Although the threats were ostensibly made to protect marketing rights, those rights could have been fully vindicated in an action against the NFO. The court held that threats to sue customers of a party are not protected from antitrust liability by *Noerr-Pennington* immunity. *Id.*, at 1200-01. If the First Amendment required protection for threats of litigation to protect one's rights, such a result would not have been possible.

Further, when courts have discussed the actual First Amendment right to petition – as opposed to statutory interpretation to avoid potential conflicts with the First Amendment – the results have been consistent with the Tenth Circuit decision. In instances in which conduct has been expressly protected under the First Amendment right to petition, the party in question was attempting to influence or obtain a decision of a governmental entity. For example, in *Christian Gospel Church, Inc. v. City and County of San Francisco*, 896 F.2d 1221 (9th Cir.), *cert. denied*, 498 U.S. 999 (1990), the First Amendment protected the defendants' conduct, because they "were doing what citizens should be encouraged to do, taking an active role in the decisions of the government." *Id.*, at 1226. *See also, e.g., Bagley v. Iowa Beef Processors, Inc. (In re IBP Confidential Business Documents Litigation)*, 797 F.2d

632 (8th Cir. 1986) (communications to those whose support could influence legislative action protected by right to petition); *Whelan v. Able*, 827 F. Supp. 801 (D.D.C. 1993) (no liability for actually invoking governmental process).

However, where an actor cannot be said to be attempting to influence the decision of a governmental entity, courts have not found the conduct to be protected. In *Feminist Women's Health Center v. Mohammad*, 586 F.2d 530 (5th Cir. 1978), the defendants wrote to various medical review organizations regarding the plaintiff's conduct. Although the decisions of these review organizations had the potential to result in a decision of a governmental agency, the communications with such organizations were held to not be petitioning activity, because these organizations themselves were not governmental entities. *Id.*, at 544-45.

MLBPA argues that sending a pre-litigation threat often allows parties "to avoid the courthouse altogether," Pet. at 18, and that such communications offer litigants the opportunity to "resolve or compromise their interests prior to engaging in the formal conflict of civil proceedings before a court." Pet. at 19. It is clear from these statements that the function and purpose of cease-and-desist letters is to avoid litigation. Cardtoons would agree that encouragement of non-judicial resolution of disputes is good public policy. However sound these observations may be, and however relevant they may be to interpreting the Sherman Act, they are not relevant to the interpretation of the First Amendment's Petition Clause. The First Amendment Petition Clause was enacted to insure access to the courts, not to guarantee the right to pursue alternatives to litigation.

While pre-litigation threats may constitute "pre-petitioning activity," such threats do not constitute petitioning activity. Unless communications are directed toward a governmental agency, no petitioning activity has occurred. While pre-petitioning activity may be protected under some other legal theory,[7] such communications are not protected under the Petition Clause of the First Amendment.

IV. The Tenth Circuit's decision is consistent with this Court's decision in *McDonald v. Smith*.

In *McDonald v. Smith*, 472 U.S. 479 (1985), this Court was invited to apply the *Noerr-Pennington* doctrine outside of the antitrust context, and declined to do so. In *McDonald*, a candidate for the position of United States Attorney brought a libel action against the defendant for making maliciously false allegations in letters to the President and other federal officers. 472 U.S., at 481-82. Both the district court and the Fourth Circuit expressly refused to extend the *Noerr-Pennington* doctrine to afford absolute

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[7] Communications preliminary to a proposed judicial proceeding are privileged for purposes of defamation if the communication has some relation to a proceeding that is contemplated in good faith and under serious consideration. RESTATEMENT (SECOND) OF TORTS § 586, Comment e; OKLA. STAT. tit. 12, § 1443.1. *Kirschstein v. Haynes*, 788 P.2d 941, 953 n. 30 (Okla. 1990). Similarly, threats of litigation may subject the actor to liability for tortious interference with contract if the actor has no belief in the merit of the litigation or if, though having some belief in its merit, he nevertheless institutes or threatens to institute the litigation in bad faith, intending only to harass the third parties and not to bring his claim to definitive adjudication. RESTATEMENT (SECOND) OF TORTS § 767, Comment c.

immunity to a citizen who makes defamatory statements in a letter to government officials. 562 F. Supp. 829, 838 (M.D.N.C.1983), *aff'd*, 737 F.2d 427, 429 (4th Cir. 1984). In affirming, this Court did not mention the petitioner's argument that the *Noerr-Pennington* doctrine should be applied. 472 U.S., at 491. Instead, this Court addressed the issue as one arising directly under the First Amendment Petition Clause, and rejected the defendant's argument that the Petition Clause created an absolute privilege:

> Under state common law, damages may be recovered only if petitioner is shown to have acted with malice; . . . We hold that the Petition Clause does not require the State to expand this privilege into an absolute one. The right to petition is guaranteed; the right to commit libel with impunity is not.

472 U.S., at 483-85 (footnotes omitted). The *McDonald* Court's unanimous affirmance without addressing petitioner's contention that his letter was protected under *Noerr-Pennington* undercuts MLBPA's contention that *Noerr-Pennington* is applicable outside the antitrust context.

McDonald v. Smith is also relevant given that Cardtoons has asserted a libel claim against MLBPA, based upon the false and defamatory statement contained in the letter to Champs that Cardtoons was engaged in illegal conduct. Cardtoons' libel claim is not premised on the harm caused by a threat of litigation, but rather, the harm caused by a false accusation of illegal conduct. *McDonald v. Smith*, a libel case, is directly controlling in this case, which also involves a claim of libel.

V. The Tenth Circuit's decision will neither discourage attempts to settle controversies without litigation, nor result in increased litigation.

The facts in this case refute Petitioner's argument that the decision in this case will increase the number of lawsuits filed. MLBPA's threat to Champs prompted Champs to suspend printing the parody trading cards until a court of competent jurisdiction determined that the cards did not violate the publicity rights of the MLBPA players. Consequently, Cardtoons was required to file suit against MLBPA to obtain a declaratory judgment. The need to resort to litigation to resolve this controversy was not affected by the cease-and-desist letters which MLBPA sent to Champs. While MLBPA's threat of litigation against Champs may have required Cardtoons to initiate litigation to resolve that dispute rather than MLBPA, the fact remains that MLBPA's cease-and-desist letters did not enable the parties to avoid the courthouse. It is ironic that MLBPA should stand on the First Amendment right to petition as the foundation of its right to threaten Champs with litigation, because the threat was used to achieve a goal via coercion which MLBPA could not lawfully achieve in a court of law.

When cease-and-desist letters are used to deter third parties from conducting business with a potential adversary, the injured party must either abandon its business, or initiate litigation to restore the status quo, as in this case. The use of demand letters which injure, rather than communicate, does not reduce the potential for litigation.

VI. This case is in an interlocutory posture.

While the court of appeals held that MLBPA's threats of litigation were not immune from liability under either *Noerr-Pennington* or the First Amendment right to petition, the court of appeals acknowledged "persuasive policy arguments in favor of granting immunity to private threats of litigation," but concluded that the question of immunity for threats of litigation should be addressed to state legislative bodies. Thus, the court of appeals left open the question of whether MLBPA is entitled to immunity for its threats under state law. Whether or not MLBPA is entitled to immunity under state law is an issue which is potentially dispositive which has yet to be addressed by the district court.

This Court has long cautioned that "this court should not issue a writ of certiorari to review a decree of the Circuit Court of Appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause." *American Constr. Co. v. Jacksonville, T. & K.W. Ry.*, 148 U.S. 372, 384 (1893). The possibility that further proceedings may moot or shed additional light on the question presented strongly counsels against granting review before final judgment. *See, e.g., Brotherhood of Locomotive Firemen & Enginemen v. Bangos & Aroostock R.R.*, 389 U.S. 327, 328 (1967); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916).

The substantive law underlying Cardtoons' claims for relief provides immunity for threats of litigation which are made in good faith. *See supra*, at n. 7. For example, Oklahoma law provides that statements made

in connection with proposed litigation are privileged, provided that the statements relate to litigation which is seriously contemplated in good faith. OKLA. STAT. tit. 12, § 1443.1. *Kirschstein v. Haynes*, 788 P.2d 941, 953 n. 30 (Okla. 1990).[8]

Likewise, threats of litigation cannot constitute improper interference with contractual relations unless "the actor has no belief in the merit of the litigation or if, though having some belief in its merit, he nevertheless institutes or threatens to institute the litigation in bad faith, intending only to harass the third parties and not to bring his claim to definitive adjudication." RESTATEMENT (SECOND) OF TORTS § 767, Comment c.

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[8] Other states are in accord. *See, e.g. Smith v. Suburban Restaurants, Inc.*, 373 N.E.2d 215 (Mass. 1978) (Summary judgment denied; no indication that judicial proceeding was contemplated unless plaintiff engaged in some future conduct); and *Fuhrman v. California Satellite Systems*, 231 Cal.Rptr. 113 (Cal.App. 3 Dist. 1986) (Privilege with respect to pre-litigation communications applies only when the communication has some relation to a proceeding that is contemplated in good faith and under serious consideration, and the mere possibility that a proceeding might be instituted is not to be used as a cloak to provide immunity for defamation); RESTATEMENT (SECOND) OF TORTS § 586, comment e, provides as follows:

> As to communications preliminary to a proposed judicial proceeding the rule . . . applies only when the communication has some relation to a proceeding that is contemplated in good faith and under serious consideration. The bare possibility that the proceeding might be instituted is not to be used as a cloak to provide immunity for defamation when the possibility is not seriously considered.

Even the commentary cited by Petitioner recognizes that infringement suits cannot be threatened for the purpose of injuring a business, but must only be threatened in good faith. R. Coolley, *Notifications of Infringement and Their Consequences*, 77 J. PAT. & TRADEMARK OFF. SOC'Y, 246, 256 (1995). The requirement that threats of litigation be made in good faith is consistent with this Court's application of the First Amendment right to petition to libel claims. *McDonald v. Smith*, 472 U.S. 479 (1985) (First Amendment right to petition does not preclude defamation action based on letter to President where it is shown that defendant acted with actual malice).

Given the interlocutory posture of this case, and the potential immunity provided by state law for MLBPA's defamatory statements and threats of litigation, further proceedings may eliminate the need for this Court to address the issues raised by MLBPA. Certiorari should be denied to give the district court an opportunity to see if state law provides a non-constitutional basis for immunity akin to *Noerr-Pennington* immunity or First Amendment petitioning immunity.

CONCLUSION

The *en banc* decision is the first case in which a court has carefully considered the relationship between *Noerr-Pennington* immunity and First Amendment petitioning immunity. Far from creating a conflict with other circuits, the Tenth Circuit has reconciled these two theories of immunity in a manner which is entirely consistent with this Court's decisions. The *en banc* decision is also the

first case in which a court has squarely considered whether pre-petitioning activity, such as correspondence between private parties, is protected under the First Amendment Petition Clause. The Tenth Circuit's conclusion that such private communications are not petitions to the government is consistent with a plain reading of the First Amendment and common sense.

The petition for certiorari should be denied.

Respectfully submitted,

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